

NFAC 5630-79
18 October 1979


Memorandum for DD/NFA

Subject: The Comparative Advantages and Disadvantages
of Interagency and NFAC Estimates

1. The attached memorandum responds to your request to compare the pros and cons of interagency and NFAC estimates more completely than we did in our previous memorandum on NIEs, SNIEs, and IIMs.

2. We believe that our analysis provides a basis for formulating management guidelines on the choice of estimative forms.


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Attachment:
As stated

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Interagency versus NFAC Estimates

Interagency and NFAC estimates can be regarded as complementary. But they can also be regarded as competitors for estimative resources and consumer attention. They are also looked upon as having distinct advantages and disadvantages. Because there is a complementary as well as a competitive relationship, and because each form is associated with peculiar advantages and disadvantages, the problem for management is not to decide in favor of one or the other but to settle on a balance between the two that approximates the most satisfactory (if not optimum) results in serving the policy community.

Part I identifies the pros and cons of each form of estimative production. Part II suggests ways in which these pros and cons can be evaluated in order to arrive at management guidelines for deciding on the proper mix of estimative production.

I

A. Interagency Estimates

Pros:

a. They carry out the intent of E.O. 12036 (24 January 1978) which charges the DCI with insuring the production of national intelligence needed by US policymakers. Concerning estimative problems touching on US policy problems of a high order, estimates representing an IC consensus can command a high degree of authority.

b. They can draw on the estimative resources of the entire IC and thus bring a broader mix of informed judgment to bear on critical problems.

c. They provide a critical check on the estimative product of a single IC component.

d. In the event of estimative dissent, they provide a forum for the examination of conflicting estimates.

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e. They control the risk of the intelligence function becoming subservient to the policy preferences of consumers.

f. They have a chance to engage members of the policy community in the process and thereby sharpen the focus and inform consumers before the final document emerges.

Cons:

a. The production process tends to be very lengthy and not rarely inordinately demanding on NIOs and analysts.

b. On many subjects, IC components other than NFAC lack or possess only slim estimative resources and therefore can contribute only little to the product.

c. In the event of estimative dissent, estimates are often compromised to an extent that reduces their utility to consumers.

B. NFAC Estimates

Pros:

a. They can be done very quickly.

b. They tend to be very responsive to consumer demand (usually the demand of a specific consumer).

c. They tend to be much less burdensome on the time and energy of analysts.

Cons:

a. They often escape adequate review and run a greater risk of supplying faulty intelligence.

b. They run the risk of seriously undermining the independence of the intelligence function from the formulation of policy preferences by becoming subservient to policymakers.

c. They deprive the policymaker of the benefit of dissenting views.

Beyond those general arguments, there are also extremely important attitudes among producers that greatly affect the choice of forms of production. As presently contributed, NFAC's reward and preference structure discourages participation in interagency estimates while NFAC estimates offer offices and analysts strong immediate rewards.

II

While the pros and cons of interagency estimates versus NFAC estimates can be readily identified, they are incapable of rigorous evaluation. Comparing and weighting them in the abstract is entirely a matter of personal judgment. Two further considerations must be introduced in order to obtain a better guide for policy.

1. Judgment would be misleading if it assesses the pros and cons exclusively in the context of current working realities because these realities have changed over time and are presumably capable of change in the future. It stands to reason that the case for interagency estimates would be strengthened (a) if non-NFAC resources were richer and would therefore promise a superior contribution to the estimating process than is the case at present; (b) if the length of the production process were significantly reduced; (c) if diluting compromises in the coordination process were resisted; (d) if NFAC drafters had stronger incentives to produce interagency estimates; and (e) if greater care were taken to insure that interagency estimates are responsive to consumer demand and needs.

We do not know enough about the history of the Agency to specify how all of these aforementioned conditions have varied in the past. We know, however, that in the past when the production of interagency estimates was much larger relative to that of single agency output--non-NFAC resources were substantially richer, the length of the production process was appreciably shorter, and there were drafters having a strong incentive to produce interagency estimates. We also note that several of these conditions remained favorable to interagency estimates in the military area. We conclude that the case for and against interagency versus NFAC production depends on the extent to which some or all of the conditions are and can be changed regarding non-military estimates.

2. The second consideration is that the case of interagency versus NFAC production should not be settled in the abstract because doing so would imply that all estimative tasks are intrinsically alike--which they are not. Estimative tasks differ in terms of breadth of focus, time-sensitivity, the distribution of estimative resources in the Intelligence Community, the degree to which subjects touch on policy problems of a higher or lower order, and the level of policymakers who are the primary designated consumers. Thus, it seems to us that the case for NFAC production is strengthened (a) if the focus is very narrow, (b) if the task is extremely time-sensitive; (c) if NFAC has a near-monopoly over estimative resources; (d) if the subject does not touch on policy matters of the highest order; and (e) if the product aims at a relatively low level of policymakers--and vice versa, the case for interagency production is strengthened when the opposite conditions prevail.

On the basis of this analysis, it is readily seen that we are not dealing with an either-or problem but with one of the proper balance between interagency and NFAC production. It is also clear that the decision on one or the other must be made in the light of the variable conditions (a) through (e), and that top management must play a strong role in making, or at least in controlling, the decision. If it does not, the chances are increased that decisions will be made in response to considerations of convenience at lower levels. Finally, the analysis suggests that the five variable conditions need not necessarily be met in toto. For example, when time-sensitivity is extremely high, NFAC production should be preferred even though the subject touches on policy problems of the highest order and the estimate aims at the highest level of policy-consumers.

3. In conclusion, what we present is not a formula that can be applied mechanically--which is impossible--but a set of guidelines for the formulation of estimative policy.


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